

SUSTAINABLE ENTREPRENEURSHIP AND SOCIAL INNOVATION

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Embeddedness as a facilitator of sustainable entrepreneurship

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Abstract: This conceptual paper makes the case for a strong embeddedness at all stages of sustainable entrepreneurship – opportunity identification and/or creation, evaluation, and exploitation. This strong embeddedness is argued to drive entrepreneurs towards sustainability through the set-up of long-term social contracts with multiple stakeholders. Building upon extant literature on sustainable, social, and environmental entrepreneurship and the framework of stakeholder theory, as well as the embeddedness argument, a model is developed and propositions are suggested. Theoretical and practical implications are derived from these propositions.

Keywords: Embeddedness, Stakeholders, Sustainability, Social contracts

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Introduction

It is widely acknowledged that economic phenomena do not occur in a vacuum and are embedded in social relations (Granovetter 1985). Sustainable entrepreneurship, defined here as the pursuit of opportunities focusing on the preservation of nature, life support, and community for the creation of economic and non-economic gains (Shepherd and Patzelt 2011), is no exception to this. Indeed, by its very nature and aim, sustainable entrepreneurship is likely to be strongly embedded as it intends to act sustainably with regard to its (social) environment.

This conceptual paper makes the case for a strong embeddedness at all stages of sustainable entrepreneurship: opportunity identification and/or creation, opportunity evaluation, and opportunity exploitation (Shane and Venkataraman 2000, Alvarez and Barney 2007). Using stakeholder theory (Mitchell *et al.* 1997, Parmar *et al.* 2010), this strong embeddedness is argued here to be an important incentive for sustainability, because it involves entering in long-term relationships with multiple stakeholders, which put pressure on the entrepreneur to respect the triple bottom-line.

Overall, this chapter aims to shift from the ‘*What* is to be sustained/developed’ (Shepherd and Patzelt 2011) to the ‘*How*’ questions by addressing the following research problem: *How does embeddedness of entrepreneurship facilitate sustainability?* More precisely, drawing on extant literature, it develops a model showing (1) that sustainable entrepreneurship is strongly embedded, and (2) that this strong embeddedness contributes to its sustainable¹ character. Thereby, it contributes to theory by highlighting that the different stages of sustainable entrepreneurship take place in interrelated contexts, which in turn influence sustainability.

The remainder of the paper is organized as follows. First, the literature on embeddedness and stakeholder theory is reviewed against the backdrop of sustainable entrepreneurship and related notions of environmental entrepreneurship – sometimes also called eco- or green entrepreneurship (for a review of the use of these terms, see Levinsohn 2013) – and social entrepreneurship (Tilley and Young 2009; De Hoe and Janssen 2014). Next, a model is developed and propositions are articulated. Finally, the model and its implications, as well as the contributions of this paper, are discussed.

Literature Review

Embeddedness

Paving the way for a tradition in economic sociology, Granovetter (1985) has popularized the concept of embeddedness in his attempt to go beyond under- and over-socialized conceptions of human action. He argues that “actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy” (487). Instead, Granovetter describes how actors’ (economic) actions are embedded in systems of social interactions – i.e., in social networks. Literature based on this premise of organizations’ and entrepreneurship embeddedness is abundant (e.g.: Dacin *et al.* 1999, Granovetter 2000, Jack and Anderson 2002). It shows that entrepreneurs and organizations operate in a specific social, political, cultural and economic context and that their actions have to be understood in relationship with their environment and other actors evolving in this environment (Dacin *et al.* 1999), including the norms and values carried by their social structure (Granovetter 2000).

Besides sources and mechanisms of embeddedness, the organizational outcomes of embeddedness are granted some attention in the literature (Dacin *et al.* 1999, Granovetter 2005). Embeddedness has been shown to play a role in, for instance, organizational survival (Baum and Oliver 1992), access to resources (Uzzi 1999), or innovation (Burt 2004). During the entrepreneurial process, embeddedness influences the opportunity recognition and evaluation phases (Jack and Anderson 2002), but also the entrepreneurial performance (Aarstad 2012) and the likelihood to succeed in setting up hybrid organizations (Almandoz 2012; Dufays and Huybrechts forthcoming). However, so far, no study to our knowledge has theoretically or empirically addressed the issue of sustainable development as an outcome of embeddedness.

In a literature review on sustainable entrepreneurship, Levinsohn (2013) points at the failure of existing studies to consider sustainable development as an embedded concept. He highlights the tendency of scholars to define sustainable development in universal terms, and hence to disregard the local development priorities of communities. Besides contextualizing the entrepreneurial process (Welter 2011), scholars therefore also need to consider the embeddedness of its objectives and outcomes. Other scholars have highlighted sustainable entrepreneurship’s embeddedness in political, social, environmental, regulatory systems (Dixon and Clifford 2007, Gray *et al.* 2014), as well as in cultural norms (O'Neill *et al.* 2006).

With regard to the related notion of environmental entrepreneurship, Meek *et al.* (2010) show that entrepreneurial intentions are influenced by formal and informal institutions. In particular, they find that high levels of family interdependence norms increase the level of founding of environmental ventures, probably because such social norms push individuals to think of future generations' environment healthiness. Besides, social entrepreneurship has been shown to display high levels of embeddedness (Dufays and Huybrechts 2014). Hence, it must be understood in relationship with its (local) social environment (Mair and Martí 2006, Khavul and Bruton 2013). Social entrepreneurship has been shown to differ from conventional entrepreneurship in the embeddedness in the local networks of the community (Shaw and Carter 2007), among others to identify local social needs and to try to develop solutions to fulfil these needs (Haugh 2007).

Overall, as embeddedness shapes economic activities and behaviour, sustainable entrepreneurship should be studied with consideration to its broader environment and the social interactions it is engaged in. Although empirical studies do not abound in the field yet, it seems clear that social norms and values have a strong influence on sustainable entrepreneurship. These norms and values imposed on an organization have been argued to be associated with the network of stakeholders an organization is related to (Rowley 1997). The next section therefore turns to stakeholder theory.

Stakeholder theory

Stakeholder theory has first been introduced by Freeman (1984), with the fundamental premise that organizations may be conceived of as a set of relationships among groups that have a stake in the organization's activities. Bearing this understanding in mind, stakeholder theory attempts to describe how stakeholders interact to create and trade value, address the problem of the ethics of capitalism, and think about the managerial mind-set to adopt with regard thereto (Parmar *et al.* 2010). Over time, stakeholder theory has been applied to different settings, giving rise to many substantial developments (for a review, see Parmar *et al.* 2010). Among those, the evaluation of the influence stakeholders have on the organization and its strategy appears useful to highlight in the framework of this chapter. Indeed, stakeholder management has been described as a two-way relationship between a focal organization and its stakeholders. Such an understanding frames stakeholder theory in a contractarian business ethics approach (Dunfee and Donaldson 1995). The influence of

stakeholders is shown to be function among others of the network structure in which the entrepreneur is embedded (Rowley 1997) and of behavioural motives (Hahn 2015).

The issue of sustainability has also been touched upon through stakeholder theory by many scholars (Parmar *et al.* 2010, Hörisch *et al.* 2014). Indeed, many similarities are found between the two approaches, among others in the way the purpose of the enterprise (Pedersen *et al.* 2013), as well as the link between business and ethics (Hörisch *et al.* 2014), are perceived. Besides, stakeholders have been found to have an influence on the sustainability practices of businesses, especially with regard to the issues an enterprise focuses on (Sharma and Henriques 2005). However, stakeholder theory differs from sustainability management in the longer-term orientation of the latter and the willingness to bridge social, environmental, and economic objectives (Anderson *et al.* 2012).

With regard to sustainable entrepreneurship precisely, Schlange (2006) suggests that the objective of meeting the triple bottom line implies interacting with more stakeholder groups, and hence conducts to higher complexity in the entrepreneurial process. He adds that sustainable entrepreneurs are future-oriented in the sense that “they are grounded on the principle of meeting the needs of present stakeholders without compromising the ability to meet the needs of future stakeholders” (22). This relationship is somewhat nuanced through the principles of organization design. Indeed, sustainable entrepreneurs have been shown to give preference to some stakeholders, which they evaluate more rewarding, be it in monetary or non-monetary terms (Parrish 2010).

The literature using stakeholder theory in studying environmental entrepreneurship has mainly dealt with the question of whether the environment or the planet ought to be considered as a stakeholder. Some authors argue that managers should take into account the organizational impact on the environment for moral and ethical reasons but should not consider it as a stakeholder because of its non-human character (Phillips and Reichart 2000). Others consider the natural environment as a primary and primordial stakeholder because of its proximity to the firm (Starik 1995, Driscoll and Starik 2004). Stakeholder theory has also largely been applied in the social enterprise literature (e.g.: Campi *et al.* 2006, Huybrechts *et al.* 2014). The most important observations with regard to social entrepreneurship lie in the facts a) that there is probably a larger diversity of stakeholders to the social entrepreneurial process as compared to a conventional entrepreneurial process (Austin *et al.* 2006); and b)

that these stakeholders are often included in the entrepreneurial process and sometimes take an active role in the governance of the nascent organization (Huybrechts *et al.* 2014).

Bearing in mind this strong embeddedness of sustainable entrepreneurship in a network of stakeholders and the reciprocal relationships it maintains with each of these stakeholders, the following section develops a conceptual model to describe embeddedness as a facilitator of sustainability.

Model development

The embeddedness of the sustainable entrepreneurship process

Sustainable entrepreneurship is often described in terms of value creation with regard to a triple bottom line – i.e. profit, people, and planet (e.g.: Dixon and Clifford 2007). Therefore, sustainable entrepreneurship is embedded in an economic context, a social context, and an environmental context, as depicted on the upper left part of figure 4.1. It has been argued that sustainable entrepreneurship builds on the relationship with the great variety of stakeholders which embody the different bottom lines (Parrish 2010). The present subsection reviews the different phases of the entrepreneurial process with regard to sustainable entrepreneurship's embeddedness in networks of stakeholders.

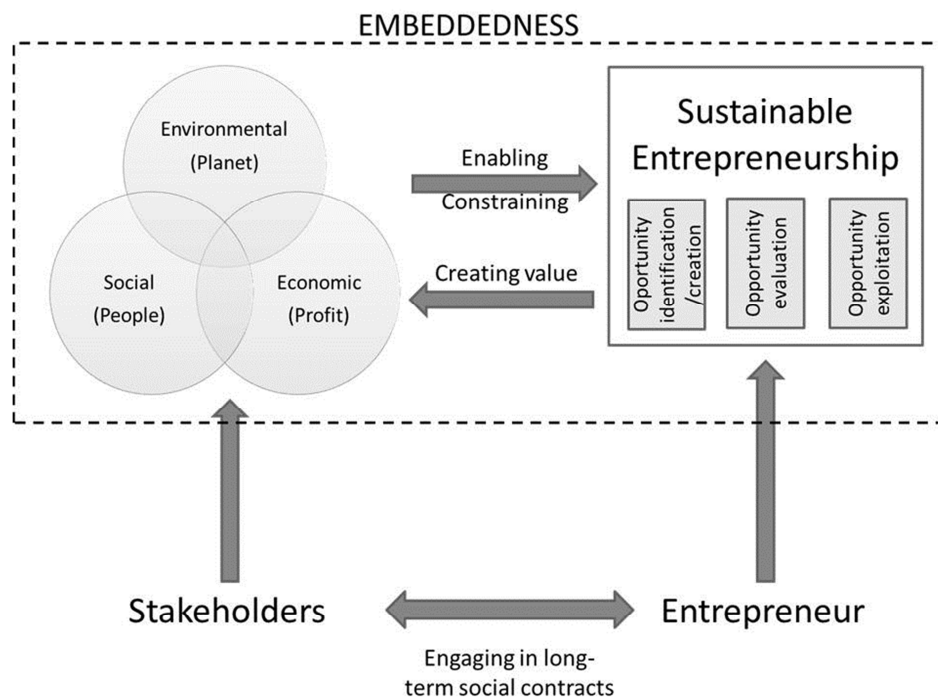


Figure 4.1 Model of embedded sustainable entrepreneurship

a) Opportunity discovery and/or creation

Traditionally, the opportunity discovery and/or creation phase of sustainable entrepreneurship has been described in terms of failures – governmental, market, and non-profit – (Cohen and Winn 2007, Dean and McMullen 2007) or of positive externalities (e.g. Santos 2012). At the micro-level, Patzelt and Shepherd (2011) demonstrate that sustainable entrepreneurs need to be knowledgeable about market disequilibrium as well as changes in the natural environment and community in which they live to discover opportunities. Thereby, they show that sustainable entrepreneurship opportunity discovery is highly embedded.

York and Venkataraman (2010) identify four incentives to address environmental degradation through entrepreneurial action: governmental regulations, activism from stakeholders, ethical motivation, and competitive advantage. They argue that the two former motivations, which derive from entrepreneurs' embeddedness, are usually tied to opportunities for environmental action that have a higher impact. In an original analysis using game theory, Pacheco *et al.* (2010) show that sustainable entrepreneurs can create opportunities by overcoming suboptimal market incentives. To escape what they term the 'green prison' – this is, the trade-off between collective incentives for environmental cooperation and individual short-term costs of cooperation, – sustainable entrepreneurs need to engage in collective action to change or create institutions (Battilana *et al.* 2009). They can do so, among others, by partnering with stakeholders, be it competitors, other actors in the supply chain, or with the broader community (Pacheco *et al.* 2010).

b) Opportunity evaluation

During the opportunity evaluation phase, sustainable entrepreneurs analyse whether they are likely to create enough value to be economically viable in the long run, but also if they create social and environmental value to meet the triple bottom line. As mentioned above, the definition of sustainability they compare the opportunity against, is embedded (Levinsohn 2013). In other words, what an entrepreneur might consider as sustainable in a particular situation, in a given space-time context, is likely to be different in another context, due among others to the variation in needs and in cultural understandings.

In a resource-based view, this phase can be understood as “envisioning the future – specifically the wealth generating resource combinations to be controlled by the entrepreneur

post-exploitation” (Haynie *et al.* 2009, 338). This type of cognitive process is strongly embedded in the entrepreneurial context. In other words, the resources that are deemed to be accessible to an entrepreneur, among others through their network of relationships, have a significant role in the opportunity evaluation process (Haynie *et al.* 2009, Shepherd *et al.* 2013). This is presumably especially the case for sustainable entrepreneurship, which is often characterised by a resource scarcity. Hence, opportunity evaluation is likely to include an assessment of the alignment to stakeholders’ claims.

Besides, entrepreneurs also evaluate the adequacy of the opportunity they want to exploit with their own identity and the values they carry (Shepherd *et al.* 2013). Indeed, individuals having an identity that value sustainable development goals are argued to be likely to evaluate the opportunities with regard to what being an entrepreneur means to them – this is, creating value beyond economic wealth. The desirability of the creation of non-economic value is likely to be reinforced by the entrepreneurs’ social network (Wry and York 2012).

c) Opportunity exploitation

While empirical studies on sustainable entrepreneurship remain scarce, extant literature on related concepts such as social entrepreneurship (e.g.: Campi *et al.* 2006), community entrepreneurship (e.g.: Haugh 2007) and eco-entrepreneurship (e.g.: Larsson 2012) demonstrates the embeddedness of the entrepreneur with regard to multiple stakeholders in exploiting opportunity. Often operating in scarce-resource environments, the success of these types of entrepreneurship depends even more on the ability to mobilize key stakeholders by responding to their claims and gaining legitimacy to their eyes (Schlange 2006).

Indeed, in a single case study, Gray *et al.* (2014) show the necessity of creating networks of local and global stakeholders to secure resources to exploit an opportunity as characteristic to sustainable entrepreneurship. This is achieved in a strategic way, with an instrumental aim, as sustainable entrepreneurs devote more attention to those stakeholders they perceive as more worthy for their organization (Parrish 2010). De Clercq and Voronov (2011) underline that the legitimacy that sustainable entrepreneurs acquire from adhering to profitability and sustainability logics results from the interaction between field-level expectations regarding the relative importance of each logic – probably influenced by dominant actors in the field – and individual agency. They further argue that the legitimacy sustainable entrepreneurs derive from this balance will reflect “their embeddedness in a web of expectations” (334).

It results from this discussion that the structure is both enabling and constraining (Giddens 1984) because, for instance, opportunities for sustainable entrepreneurship arise from the relationship with stakeholders but are limited by the access to resources and legitimacy provided by these stakeholders. Hence, it is suggested:

Proposition 1a: Sustainable entrepreneurship is embedded in a network of stakeholders representing the broader economic, social, and environmental context.

Proposition 1b: Sustainable entrepreneurship embeddedness both enables and constrains opportunity creation and/or identification, evaluation, and exploitation.

As the embeddedness argument navigates between over-and under-socialized views by acknowledging the mutual influence of the structure and the agent, the following section examines this interaction for sustainable entrepreneurship.

Embeddedness as a facilitator of sustainability

The embeddedness of entrepreneurship implies that entrepreneurs and their context, in particular their network of stakeholders, influence each other. This influence can be observed among others in terms of behaviour, of norms and values, of opportunities (Jack and Anderson 2002). Hence, transactions exist between entrepreneurs and their environment. Such transactions can be viewed as going beyond the legal view of reciprocal rights and duties between parties by encompassing norms and values in considering a much broader relationship (Key 1999). These so-called social contracts presume “an implicit contract between the members of society and businesses in which the members of society grant businesses the right to exist in return for certain specified benefits” (Hasnas 1998, 29). These contracts can be viewed as operating both at a macro-level, i.e. that organization has a social contract with society, and at a micro-level (Wempe 2004), which this paper focuses on.

For sustainable entrepreneurs, an aspect of these transactions lies in their attempt to create value - both monetary and non-monetary - for stakeholders (Anderson 1998, Shepherd and Patzelt 2011). The process of value creation without value capture is indeed considered by some scholars as the essence of how sustainable entrepreneurs have a positive impact on their environment (Santos 2012). In exchange for this value, stakeholders provide legitimacy to operate and resources (Hahn 2015). Prior to this value creation, sustainable entrepreneurs also need to exchange information with the whole set of stakeholders in order to perceive what

creates value for them and what is likely to cause them harm. Because this engagement of stakeholders is voluntary (Bridoux and Stoelhorst 2014), entrepreneurs have to persuade their stakeholders to enter the transaction. This may be achieved by setting a social contract between them. This contract entails an exchange of (future) value creation by the entrepreneur against some kind of feedback by stakeholders about their claims, norms and values (Donaldson and Dunfee 1994, Dunfee and Donaldson 1995).

A specificity of sustainable entrepreneurship lies in its time focus. This is, because sustainable entrepreneurship targets sustainability and durability in the broad sense – for the organization and for society at large (Schlange 2006), – it is concerned with both present and future (Thompson *et al.* 2011). As a consequence, sustainable entrepreneurs tend to engage in enduring relationships with their networks of stakeholders to meet both their current and future claims, as well as taking into account the claims of future stakeholders (Hörisch *et al.* 2014). Hence, it can be argued that the social contracts in which they engage are long-term, as depicted in the lower part of figure 4.1.

Through the multitude of these long-term social contracts in which they engage with their network of present and future stakeholders, sustainable entrepreneurs acquire knowledge about what is expected by stakeholders towards sustainability, resources in order to act accordingly, as well as legitimacy to operate:

Proposition 2: In order to meet their commitment for sustainability, sustainable entrepreneurs engage in long-term social contracts with both current and future stakeholders to acquire:

- a) *information about what they ought to do to act sustainably;*
- b) *resources that are necessary to act sustainably;*
- and c) *the legitimacy that is necessary to conduct the entrepreneurial process.*

It may however happen that stakeholders' claims are conflicting, and eventually inhibiting sustainability in favour of profitability (De Clercq and Voronov 2011). Indeed, sustainable entrepreneur are embedded in a capitalist setting, which tends to be characterized by networks of actors that focus on short-term economic profitability as sole criterion of performance. The latter actors often disregard social and environmental long-term consequences of their demands and, because of their long-standing presence in the market, tend to display strong inertia forces, which sustainable entrepreneurs have to counter in their aim to change perceptions of how problems can be solved (Dacin, *et al.* 2010). This is especially applicable

to the insurgent sustainable entrepreneurs identified by Muñoz and Dimov (2015), which emerge in the case of a lack of support from the social context. Insurgents are characterized as ‘change agents’, in contrast to the conformists that are ‘sustainability conveyors’. The insurgents often make breakthroughs by disregarding the strategic return but the long-run socio-economic changes they can induce through entrepreneurial action, which highlights the importance of the entrepreneur’s commitment to sustainability and the need to adapt their strategy depending on their network of stakeholders to achieve their aim.

The question of how sustainable entrepreneurs react to these conflicting demands may also be explored through the framework of institutional theory. When individuals are facing conflicting logics in their network of stakeholders, they may opt for one or several of the following strategies: ignorance, compliance, defiance, compartmentalization, and combination. More precisely, ignorance indicates no reaction of the individual to the prescription of one logic; compliance refers to a full adhesion to one logic’s prescribed norms, values and practices; and defiance means in contrast the rejection of these norms, values, and practices. Through compartmentalization, the individual aims at segmenting across time and/or space compliance and ignorance/defiance strategies with competing logics to find consistency in the prescribed values, norms and practices. Finally, a combination – or hybridization – strategy indicates the individual’s attempt to bringing together some of the norms, values, and practices of the competing logics (Pache and Santos, 2013).

According to Rowley (1997), higher density of the network of stakeholders will impose more constraints on the focal organization. The high embeddedness of sustainable entrepreneurship makes a broad and dense network of current stakeholders very probable. Hence, sustainable entrepreneurs are likely to adopt a compromising strategy – which may be associated to the combining strategy identified above – in order to manage the conflictual demands and meet the claims of their stakeholders. However, the fact that future stakeholders are also taken into account by sustainable entrepreneurs may provide them with some room for agency with regards to claims on what is sustainable. Indeed, they have the opportunity to rest on their own perceptions of who are their future stakeholders and their socio-ecological needs to define their present action on sustainability (Parrish 2007).

Based on these observations, it is suggested that the entrepreneur's response will depend on the temporal dimension surrounding the demands that are conflicting, in particular because of the social contract set with future stakeholders:

Proposition 3a: Given their commitment to sustainability, sustainable entrepreneurs are likely to adopt hybridization strategies when faced with conflicting social, economic, and environmental long-term demands.

Proposition 3b: Given their commitment to sustainability, sustainable entrepreneurs are likely to adopt ignorance and/or defiance strategies when faced with conflicting social, economic, and environmental short-term demands.

Discussion

This chapter makes a few contributions to the literature and, despite some limitations, has several theoretical as well as practical implications. First, this paper makes clear that sustainable entrepreneurship is strongly embedded in a network of stakeholders, as well as in a broader social, economic, and environmental context. The designed model especially highlights that the different stages of the sustainable entrepreneurship process – opportunity identification, opportunity evaluation, and opportunity evaluation – take place in these interrelated contexts. Thereby, it contributes to setting the grounds of the nascent field of sustainable entrepreneurship by emphasizing the need to look at the process both holistically (in contexts) and dynamically (in interactions).

Further, by integrating stakeholder theory and the embeddedness argument, the developed model contributes answering the call to shift research from the *What* to the *How* questions on sustainable entrepreneurship (Shepherd and Patzelt 2011), as well as calls for research on the outcomes of embeddedness and on reciprocal embeddedness (Dacin *et al.* 1999; Jack and Anderson 2002). Indeed, this chapter goes beyond the mere recognition of the high level of embeddedness as a feature of sustainable entrepreneurship (Dufays and Huybrechts 2014) by highlighting the role of embeddedness and of the long-term social contracts the entrepreneur is engaged in with stakeholders in order to achieve sustainable development objectives. Embeddedness, translated into multiple social contracts with a range of stakeholders, may therefore be considered as a facilitator of sustainability.

Third, it contributes to the sustainable entrepreneurship literature by exploring alternative theoretical lenses. As Dacin *et al.* (2010) noted for social entrepreneurship research, existing

theoretical frameworks should first be applied to such new phenomena, in order to uncover the need for new theory. Here, it is suggested that a contractarian approach to stakeholder management, which is an inherent activity of (sustainable) entrepreneurship, helps to understand how the sustainable character of entrepreneurship is formed.

Consequently, as a first theoretical implication, it confirms the importance to study sustainable entrepreneurship in a contextualized way (Welter 2011). It also implies that sustainable entrepreneurship needs to be understood through the relationships the entrepreneur maintains with other actors, including future ones. In other words, it calls for a holistic and interactional, hence dynamic, understanding of the sustainable entrepreneurship process.

The model and the alongside propositions also stress that sustainable entrepreneurship entails shared commitment in the long-run by the establishment of social contracts between the entrepreneur and stakeholders. Theoretically, it implies that sustainable entrepreneurship is relying on mutual expectations towards what is perceived as sustainable, both by the entrepreneur and a large range of stakeholders. The importance of actors' perceptions is further reinforced by the elaboration of social contracts by the entrepreneur with non-existing counterparts – i.e. future stakeholders. Indeed, what is good for future generations can only be based on perceptions of current actors (both the entrepreneur and stakeholders) and is shaped by the information available nowadays as well as by these actors' norms and values.

A last theoretical implication of the model lies in the multiplicity of long-term social contracts that are set up. This plurality is likely to be a source of conflict as perceptions of what is sustainable and stakeholders' interests do not necessarily align. The potential for conflict is strengthened by the fact that the social contracts between entrepreneurs and stakeholders are tacitly negotiated and accepted. Hence, sustainable entrepreneurship can also be understood as lying in a nexus of social contracts, which need to be managed and maintained by the entrepreneur in such a way that it allows a long-term perspective for stakeholders.

That being said, such a deductive and theoretically-derived model has some inherent limitations. First, it simplifies the relationships between structure and agents, as well as interactions between agents, and therefore fails to reflect the many shades that can be empirically observed. Second, due to the lack of empirical studies on sustainable

entrepreneurship, this paper builds mainly on the related concepts of social entrepreneurship and environmental entrepreneurship by assuming that similar mechanisms are at work (De Hoe and Janssen 2014). Another limitation resides in the inertia that characterizes institutions and actors that is barely taken into account in the model, although such forces potentially give entrepreneurship's embeddedness an inhibiting character with regard to sustainability. Hence, stakeholders' expectations may be driving the sustainable entrepreneur away from their objective of sustainability, especially if their demands are oriented on short-term expectations.

Consequently, this model and the alongside propositions pave the way for future research on the factors favouring sustainability in entrepreneurship. Among others, it calls for longitudinal studies assessing empirically to what extent the sustainable character of sustainable entrepreneurship may be attributed to embeddedness, in contrast to individual values and motivations of the entrepreneur. Indeed, the latter are left out of the analysis in this chapter for the sake of model simplification, even though they have been shown to play a significant role in the sustainable character of the entrepreneurial process (Kuckertz and Wagner 2010, Wry and York 2012). Further, the reciprocal influence of sustainable entrepreneurs and their stakeholders should be investigated more in-depth to understand the content of the long-term moral contract established between them. Finally, the relationship between the salience of some types of stakeholders and their contribution to sustainability objectives appears interesting to investigate further, using for instance social network analysis tools.

Practical implications may also be derived for policy-makers and for sustainable entrepreneurs by making the point that sustainable entrepreneurs differ from their conventional counterparts in the fact that they have to take their stakeholders and their broader environment into account by entering in long-term social contracts. First, in the context of environmental crises such as global warming, policy-makers tend to encourage all initiatives aiming at contributing to sustainable development, among which sustainable entrepreneurship. In order to favour such entrepreneurial action, policy-makers should strive for helping entrepreneurs to establish long-term relationships with other actors in society. This is achieved, among others, in setting transparent expectations towards entrepreneurs and a clear sustainable development policy. Finally, this paper suggests that having an idea that contributes to sustainable development is not sufficient to entrepreneuring sustainably. Sustainable entrepreneurs should pay attention to their broader environment and to their social relationships if they want to meet the triple bottom line in an enduring way, even though this

may result in redefining their project in function of the balance between the three objectives. Integrating the perspective of multiple social contracts with their network of both current and future stakeholders may help the entrepreneur to ensure sustaining the flow of resources, including legitimacy, and to contribute to the sustainable development of society.

Conclusion

Overall, this chapter addresses the issue of how sustainability is imbued throughout the sustainable entrepreneurship process by highlighting the importance of embeddedness. It offers a conceptual model illuminating the interactions that take place between social entrepreneurs and a large range of stakeholders, including future – i.e.: not existing yet – stakeholders, during the different stages of sustainable entrepreneurship process. It suggests to look at embeddedness in terms of multiple long-term social contracts with this large range of stakeholders, which drive the entrepreneur towards sustainability by answering today's needs without hampering fulfilment of future generations' needs.

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¹ In this paper, ‘sustainable’ and ‘sustainability’ are understood in the sense of the sustainable development concept (Hall *et al.* 2010) rather than in the sense of sustaining a venture over time, unless otherwise specified.